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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Craig Shapiro

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ST LOUIS, MO 63102

EXAMINER

ALVAREZ, RAQUEL

ART UNIT

PAPER NUMBER

3688

NOTIFICATION DATE

DELIVERY MODE

06/29/2009

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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<b>Office Action Summary</b>	<b>Application No.</b> 10/748,710	<b>Applicant(s)</b> SHAPIRO ET AL.	
	<b>Examiner</b> Raquel Alvarez	<b>Art Unit</b> 3688	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 25 March 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-29 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-29 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### DETAILED ACTION

1. This office action is in response to communication filed on 3/25/2009.
2. Claims 1-29 are presented for examination.

#### **Claim Rejections - 35 USC § 101**

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Based on Supreme Court precedent <sup>1</sup> and recent Federal Circuit decisions, a 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. <sup>2</sup> If either of these requirements is met by the claim, the method is non a patent eligible process under § 101 and should be rejected as being directed to non-statutory subject matter.

**Claim 1** is rejected under 35 U.S.C. 101 as drawn to a non-statutory subject matter. The applicant is reciting only method steps such as “borrowing... paying .....accruing”, the applicant has not recited an apparatus or device to perform these limitations and without apparatus or device these limitations are just mental steps. Mentioning computer in the preamble is not enough, if the body of the claims each of the steps can be performed manually.

In claim 1 the steps are related to a mental process, which is not patentable. Indeed, it is not tied to another statutory class or does not change or switch statutory

Art Unit: 3688

class (such as a particular apparatus or physical module or device) or does not transform the underlying subject matter (such as an article or materials) to a different state or thing. See MPEP §2106.IV.B: *Determine Whether the Claimed Invention Falls Within An Enumerated Statutory Category*.

Examiner suggests applicant inserts a device in one or more steps of the body of the claims in order to overcome this rejection.

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<sup>1</sup> Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780, 787-88 (1876).

<sup>2</sup> The supreme court recognized that this test is not necessary fixed or permanent and may evolve with technological advances. Gottschalk v. Benson, 409 U.S. 63,71 (1972)

### **Claim Rejections - 35 USC § 102**

4. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

5. Claims 1, 4, 7-17, 21-26 and 28 are rejected under 35 U.S.C. 102(b) as being anticipated by Teveler et al. (2001/0034663 hereinafter Teveler).

With respect to claims 1, 11-13, 21-26, 28 teaches a method for a first party to earn an incentive for borrowing (Abstract). having two sources of borrowed funds, a principal lending instrument having a first level of funds available for secured borrowing and an incentive lending instrument having a second level of funds available for unsecured borrowing, the first level being greater than the second level, and said

Art Unit: 3688

incentive lending instrument providing an incentive for borrowing (Figure 16); borrowing funds in a first amount from said incentive lending instrument incurring a first debt to said incentive lending instrument (Figure 16, 1700); accruing said incentive from said incentive lending instrument (Figure 16, 1704); paying said second party with at least a portion of said funds borrowed from said incentive lending instrument (Figure 16, 1709); borrowing funds in said first amount from said principal lending instrument incurring a second debt to said principal lending instrument and crediting said incentive lending instrument with said funds borrowed from said principal lending instrument to eliminate said first debt prior to being charged interest on said first debt (paragraphs 0189 and 0190).

With respect to claims 4 and 8, Teveler further teaches wherein said first party is a contractor in the construction field and said second party is a subcontractor in the construction field (paragraph 0099).

With respect to claims 7 and 9, Teveler further teaches that the line of credit and is provided by the bank (paragraph 0076).

With respect to claim 10, Teveler further teaches wherein said incentive lending instrument includes a payment window from the time borrowing occurs until interest is charged if said first debt remains unpaid (paragraph 0120).

Art Unit: 3688

With respect to claims 14-17, Teveler further teaches the management company coordinating the relationship among other entities involved in the system and negotiating discount with a third party provider for at least one of said first party and second party (Trading system TS 0084).

**Claim Rejections - 35 USC § 103**

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 2-3, 5-6, 27 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Teveler.

Claim 18-20, 27, 29 differ from claims 1 and 26 rejected above in that it further recites wherein a title company withdraws said first amount of funds from said principal source of funds and places said first amount of funds from said principal source of funds in a trust assuring the repayment of said incentive lending instrument. Official Notice is taken that it is old and well known for title Company, escrow agents and the like to act as an independent third party agent and assume possession of a contract, a deed, or money from a grantor until completion of any outstanding obligations or commitments. Upon the satisfaction of all parties, the agent delivers the property held in escrow to the grantee. It would have been obvious at the time of Applicant's invention in the system

Art Unit: 3688

of Teveler to have included a title company withdraws said first amount of funds from said principal source of funds and places said first amount of funds from said principal source of funds in a trust assuring the repayment of said incentive lending instrument in order to obtain the above mentioned advantages.

With respect to claims 2-3, 5 Teveler further teaches wherein the second debt incurs interest charges that are lower than interest charged on said first debt if said first debt was not credited prior to said interest being charged (i.e. credit card debt higher than the trading system credit debt )(paragraphs 0027 0077 and 0188).

Claim 6 further recites that the credit card consists of the following credit cards American Express, MasterCard, Visa, Diner's Club, Discover and Novus. Teveler doesn't specifically teach the type of credit card used. Official Notice is taken that American Express, MasterCard, Visa, Diner's Club, Discover and Novus are old and the most known credit cards used and therefore it would have been obvious in the system of Teveler to have used the well known cards in order to provide easy implementation by using the already well known credit cards.

### **Response to Arguments**

8. Applicant arguments with respect to the 101 rejection of claim 1 is being maintained. Applicant states that claim 1 involves the transformation of a debt instrument and the underlying debt. The Examiner wants to point out that in the case of

Art Unit: 3688

claim 1, a debt is not being transformed into a different article or different thing, still a debt is a debt. The Examiner wants to suggest satisfying the first test of *Bilski* of adding a machine to any of the essential step of the claims in order to overcome the 101 rejection.

9. Applicant states that Teveler teaches reducing the price of goods, rather than an incentive. The Examiner wants to point out that an incentive is merely a positive motivational influence, coupons, points, cents off, discounts, free merchandises, etc. fall within this definition and therefore Applicant arguments are not persuasive with respect to this argument. In addition Teveler teaches on paragraph allowing the consumer to open up a credit debt account free of interest (incentive) in which the consumer transfer his credit card balance to the credit debt account (paragraph 0188). The credit debt account is a commitment to make purchases but nevertheless, Teveler like the present invention teaches receiving an incentive from borrowing using the credit debt account without a penalty(free interest rate).

10. Applicant argues that Teveler doesn't teach a principal lending instrument/secured lending instrument. The Examiner disagrees with Applicant because Teveler teaches on paragraph 0027 enabling a customer a discount if the customer authorizes a credit debt account to pay for his or her purchases (paragraphs 0027 and 0030).



Art Unit: 3688

11. Applicant argues that Teveler doesn't teach offering an incentive for the withdraw of funds from the unsecured lending instrument. The Examiner disagrees with Applicant because Teveler clearly teaches on paragraph 0076, receiving a discount (incentive) for paying with a credit card (unsecured) or a line of credit (secured).

12. Applicant argues that Teveler doesn't teach borrowing funds in a first amount from the incentive lending instrument and incurring a debt in the incentive lending instrument. The Examiner disagrees with Applicant because by paying with a credit card, the customer is incurring a debt and is receiving a discount for use of such (see paragraph 0076).

13. Applicant argues that Teveler doesn't teach accruing an incentive from the incentive lending instrument. The Examiner disagrees with Applicant because Teveler teaches an ordering processing system (OPS) that sets the discount/incentive limits (paragraph 0084).

14. Applicant argues that Teveler doesn't teach paying a second party with funds borrowed from the first party. The Examiner disagrees with Applicant because in Teveler the merchants, vendors are paid with funds borrowed from the credit card, line of credit and credit debt issuers.

Art Unit: 3688

15. Applicant argues that Teveler doesn't teach borrowing of funds for the elimination of debt, prior to the imposition of interest on an outstanding debt. The Examiner disagrees with Applicant because paragraph 0188 teaches the balance is transferred to the credit debt account **free of interest**, so therefore the transfer of funds is before the interest is accrued on the credit card in order to receive the free interest.

16. Applicant argues that Teveler doesn't teach certain limitations in the dependent claims, The Examiner wants to point out that Teveler teaches all the limitations, please see paragraph numbers cited on the office action above.

17. Applicant further argues that Teveler doesn't teach transformation of debt between two lending instruments such that a party can receive incentives while avoiding interest penalties. The Examiner disagrees because Teveler teaches transferring credit card debt to credit debt account free of interest. See paragraph 0188.

18. Applicant argues that in Teveler, there's no receipt of incentives and there's no method for avoiding possible penalties. The Examiner disagrees with Applicant because Teveler teaches on Figure 16 and corresponding paragraph 0188 "**credit transfer of credit debt**" interest free in order to avoid possible penalties.

**Conclusion**

19. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

**Point of contact**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Raquel Alvarez whose telephone number is (571)272-6715. The examiner can normally be reached on 9:00-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James w. Myhre can be reached on (571)272-6722. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3688

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Raquel Alvarez/  
Primary Examiner, Art Unit 3688

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R.A.  
6/23/2009